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FILE ONE

Iran-Contra Connection Tipped Scale

Meese's White House Revelation Turned a Flap Into a Scandal

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NEWS ANALYSIS

At 12:05 p.m. last Tuesday, with the unexpected appearance in the White House press room of President Reagan and Attorney General Edwin Meese III, the administration policy of secretly selling arms to Iran suddenly turned from controversy to scandal.

Meese, who revealed that money from the arms sales had been funneled to aid the contras fighting the government of Nicaragua, was an apt symbol as the nation's senior law enforcement officer of how things had dramatically changed. A flap over secret foreign policy had become a matter of suspected legal violations by key White House officials, including possible criminal acts.

Before the week was out, public and congressional dismay was intensified by a blizzard of revelations in the press, statements from Israel and Nicaraguan rebel leaders contradicting Meese's account, and by reports that secret documents were being destroyed in the White House by departing officials who might be culpable. There was little doubt of the volcanic effect of the latest revelations. It occurred after an unusual and unrelieved progression of diplomatic and domestic setbacks for the administration stretching back two months in the Nicholas Daniloff case, the Libya disinformation controversy, the downing of a U.S.-manned arms supply plane over Nicaragua, the Reykjavik summit, the Republicans' loss of Senate control in the Nov. 4 elections and the disclosure of secret arms dealings with Iran.

There was much doubt, though, about how—and whether—the credibility and authority of Rea-

gan's presidency could recover from the blows it has suffered. With several congressional investigations as well as a Justice Department criminal investigation of the Iran connection under way, no early climax or turnaround was in sight. In the absence of a strong new assertion of leadership or a sudden reversion to the hardy good luck that characterized his first six years, Reagan and his White House seemed to be in for a lengthy siege.

Among the known facts, as announced or acknowledged by the administration in recent days, are these:

■ While proclaiming an arms embargo against Iran as part of its policy toward the highly strategic Persian Gulf and urging other nations to do likewise, the administration since February has provided U.S. weapons to Tehran through at least four secret shipments arranged by the National Security Council and Central Intelligence Agency. There is growing evidence that the administration condoned or participated in earlier Israeli clandestine shipments of arms to Iran as far back as 1981-82.

■ While declaring that its policy was not to negotiate with terrorists or to pay ransom for release of hostages, the administration repeatedly treated the release of U.S. citizens held by pro-Iranian groups in Lebanon as a key issue—some say the key issue—in its clandestine dealings with Tehran. The return of three U.S. hostages, the Revs. Benjamin Weir and Lawrence Jenco and David P. Jacobsen, closely followed arms shipments to Tehran, but this information was hidden at the time.

■ While the administration was reporting to Congress that it was complying with a congressionally ordered cutoff of funds to the Nicaraguan contras from October 1984 to October 1986, a National Security Council official was involved in the secret funneling of \$10 million to \$30 million in secret Iranian payments for U.S. weapons through Swiss bank accounts to aid the contras.

■ Reagan pursued his secret dealings with Iran against the advice of his two senior Cabinet officers on foreign affairs, Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger. To conceal these dealings from top officials of his own administration, Reagan's White House reportedly ordered that highly classified intelligence information picked up from abroad concerning the Iran arms deals be withheld from the State and Defense departments and that Congress be kept in the dark.

Some of the basic facts of U.S. secret dealings with Iran were made public and defended by Reagan in a televised address to the nation Nov. 13 and in a news conference Nov. 19 following disclosures that began in the Middle East. The secret Iranian financing for the Nicaraguan rebels was made public by Meese last Tuesday but described by him as "an aberration" from authorized policy that was unknown to Reagan at the time. As a result of the revelations, the White House national security adviser, Vice Adm. John M. Poindexter, resigned Tuesday and a key NSC aide, Lt. Col. Oliver L. North, was fired.

Meese's account Tuesday is currently the only extensive public statement by the administration on the Iran-to-Nicaraguan contra funds diversion. Meese described his statement as preliminary, pending further investigation.

According to the Meese statement, the United States provided arms to Israel, which in turn transferred the arms to Iran, "in effect selling the arms to representatives of Iran," in three or four shipments beginning with an authorization from Reagan in January this year.

Meese said money received from "representatives of Iran" was paid to "representatives of Israel," which used part of it to repay the CIA. The CIA then reimbursed the Defense Department for the cost of the weapons and transportation.

Additional funds from the sales—"somewhere between \$10 [million] and \$30 million," according to Meese, "were taken and made available to the forces in Central America, which are opposing the Sandinista government there."

Meese said "the only person" in the U.S. government who "knew precisely about this" was North. He said Poindexter "knew generally that something of this nature was happening" but did not look into the details or try to stop it.

Former White House national security affairs adviser Robert C. McFarlane did not learn of the "contra connection" until April or May, when preparing to go on a secret mission to Tehran with North, according to Meese.

Reagan "knew nothing about it until I reported it to him" last Monday, Meese declared. Meese said of CIA Director William J. Casey, Shultz, Weinberger and himself—as well as other members of the National Security Council—"none of us knew" of the funds skimmed to aid the contras. On Wednesday, Meese added that "we've pretty clearly established at this point" that Vice President Bush and White House chief of staff Donald T. Regan also did not know.

Meese went out of his way to say that the money supplied to aid the contras "was not owed to the U.S. government . . . was never United States' funds, it was never the property of the United States officials, so we have no control over that whatsoever." He said negotiations over price and delivery of arms were between representatives of Israel and Iran and did not involve "any American person."

Denials and doubts about the Meese account began to surface almost immediately.

The Israeli government said in an official statement that the funds from Iranian arms "did not pass through Israel." The government said it knew nothing of a transfer of money to the contras and that "Israel did not serve, and would not have served, as a channel for such a transaction."

Foreign Minister Shimon Peres, who was prime minister when the transactions took place, told the Israeli Knesset that "this is not an Israeli operation, this is a matter for the United States, not for Israel We did not sell arms. We received arms, and we delivered arms."

The leaders of the United Nicaraguan Opposition (UNO), the

largest group of anti-Sandinista contras, said they did not receive any of the money described by Meese and knew nothing of such funds.

Under questioning, the contra leaders said they did not know, however, who had financed an air resupply operation that provided munitions to them while U.S. military aid was cut off. This suggested that the Iranian funds might have paid for the U.S. private aircraft, U.S. private crews and weapons in the recent resupply operation.

Skepticism was immediately voiced by leading figures of both parties on Capitol Hill and from other quarters that only North and, in a general way, Poindexter, knew of the Iran-to-contras connection. Many found the assertion that only these two knew to be both chilling and unbelievable.

Neither North nor Poindexter has made any substantive statements since the announcement Tuesday, and the administration attitude toward them remains ambiguous. Reagan reportedly thanked North by telephone that evening for his services to the administration; the Los Angeles Times reported that locks on North's NSC office and office safe were changed Tuesday afternoon by White House security officers, after North was believed to have destroyed documents concerning the Iran sales. North was barred from the White House Thursday.

Ongoing revelations about Reagan's secret dealings with Iran have raised questions about those at the top of the administration, including:

- Regan, who until now insisted that he knew about or was involved in just about everything concerning foreign affairs, but who insists he knew nothing of the contra connection. Skeptics throughout Washington wondered whether it was possible that he was still ignorant after three weeks of Iran-related revelations.

- Casey, who denied to lawmakers that he knew details of the arms dealings, but whose subordinates chartered airplanes, set up at least one Swiss bank account (according to his own testimony) and in other ways facilitated the U.S.-Iran-Israeli arrangements.

- Weinberger, who originally opposed the arms deal with Iran, but whose department over many months provided the weapons that the CIA gave to Israel to replace those that were sold to Iran.

- Shultz, the leading opponent of the arms supply to Iran but who

refused entreaties by aides to bring the issue to a head at the White House after the transactions were under way.

- Meese, who is a member of the National Security Council and supplied a legal opinion on the presidential authorization last January for the Iran arms dealings but who is in charge of investigating whether any laws were broken.

- And finally, the president himself, for whom the captivity of the U.S. hostages in Lebanon and the guerrilla warfare waged by the contras in Nicaragua have been passionate and personal causes. Did he pursue these causes close to his heart without curiosity about or knowledge of the details? Reagan's responsibility for his decisions and his administration's actions will be the ultimate issue as the story unfolds.